

State of Florida

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DIVISION OF WATER &  
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Public Service Commission

May 20, 1997

Mr. D. Bruce May, Esq.  
Holland & Knight LLP  
P. O. Drawer 810  
Tallahassee, FL 32302

Re: Docket No. 970164-WU, Application of The Hobe Sound Water Company for Increased Water Rates in Martin County

Dear Mr. May:

In order to appropriately examine the utility's projections both for bills and consumption, as well as evaluate the proposed rate structure, Staff requests that the utility provide the following information.

1. Please provide actual bills and consumption data for each of the calendar years ended December 31, 1992 and December 31, 1994. This data should be provided in the same format as shown on Attachment A.
2. Please provide actual bills and consumption data for the three-month period January 1995 - March 1995. This data should also be provided in the same format as shown on Attachment A.
3. Please refer to Volume IV of the utility's MFRs, under the page entitled "Work Paper Customer Growth."
  - a) Please provide any underlying workpapers and/or supporting documents which formed the basis of the customer growth workpaper referenced above.
  - b) What forecasting methodology (i.e., averaging or regression), if any, was used to develop the projected customer growth referred to in (a) above?
  - c) Please explain the utility's rationale for selecting the methodology provided in response to (b).
  - d) What historical period (e.g., July 1991 - June 1996) did the utility analyze to formulate its projections for the additional connections shown on

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC   1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

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the customer growth workpaper, and what was the basis for selecting that particular period?

- e) Please provide a breakdown of the projected additional connections, in the format shown below:

	<u>Mainland</u>	<u>Jupiter Island</u>
RS		
GS		
Total	40	14

- f) Why does the utility believe that all of the projected growth on Jupiter Island will be in the 1" meter size category?
- g) Why does the utility believe that all of the projected growth on the mainland will be in the 5/8" meter size category?
- h) Why does the utility believe that almost 80% of the projected growth on both Jupiter Island and the mainland will occur during the period July 1997 - June 1998?
4. Please refer to Volume IV of the utility's MFRs, under the page entitled "Meter & ERC Analysis Workpaper."
- a) Is the information regarding the change in gallons per ERC for the years 1991 - 1998 provided on a calendar year basis?
- b) If the response to (a) is negative, is the information provided for the period July - June of the respective years presented?
- c) If the response to (b) is negative, please indicate the time period covered by each year's analysis.
- d) Why did the utility use an averaging methodology to project the 2.54% annual reduction in consumption, rather than use another (e.g., regression) methodology to project the consumption reduction?
- e) Please provide any underlying workpapers and/or supporting documents which formed the basis of the 2.54% anticipated consumption reduction that is projected for 1998. In particular, please ensure that the underlying information for the years 1996 and 1997 are provided.

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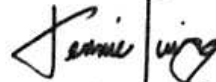
5. Please refer to Volume IV of the utility's MFRs, under the page entitled "Workpaper - Rates II."
  - a) What methodology (i.e., averaging or regression) did the utility use to prepare its consumption forecasts for 1997 and 1998?
  - b) Please explain the utility's rationale for selecting the methodology provided in response to (a).
  - c) What factors does the utility believe are primarily responsible for affecting consumption, and how does the forecasting methodology used in this case adequately capture these factors?
  
6. In consideration of the need to evaluate the effects of the utility's unique increasing-block rate structure, by Order No. PSC-1452-FOF-WU, the Commission ordered the utility to compile and submit monthly reports containing the number of customer bills, gallons billed and revenues collected. This information is provided separately for each customer class, meter size and approved usage block, separated between customers located on the mainland versus those located on Jupiter Island.
  - a) How did the utility use the information contained in the reports when formulating its anticipated 2.54% consumption reduction and its proposed gallonage charge rate block factors of 1.0, 2.0 and 2.5?
  - b) Please reconcile the discrepancies between the data contained in the above-referenced reports for the period July 1995 - June 1996 versus the data contained in Volume II of the utility's MFRs, under the page entitled "Bill Analysis Summary."

In order to provide adequate time to analyze and incorporate the requested data into the upcoming Staff recommendation, please submit a copy of the aforementioned items to this office by June 17, 1997, and file the original responses with the Division of Records and Reporting for inclusion in the docket file. If you have any questions regarding this request, please do not hesitate

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to contact me at the above number, or you may contact Ms. Rosanne Capeless in the Division of Legal Services at 413-6224.

Sincerely,



Jennie Lingo  
Economic Analyst  
Bureau of Policy Development and  
Industry Structure

\FJL

Enclosure: Attachment A

cc: Division of Water and Wastewater (Hill, Willis, Galloway,  
Moniz, Munroe)  
Division of Legal Services (Capeless)  
Division of Records and Reporting (docket file)

HOBE SOUND WATER COMPANY  
DOCKET NO. 970164-WU

ATTACHMENT A

FOR THE PERIOD: \_\_\_\_\_

	No. of Bills	0 - 10 kgal	10 - 40 kgal	40 + kgal	Total Gals
<b>RESIDENTIAL - MAINLAND</b>					
<u>Meter Sizes:</u>					
5/8"					
1"					
1 1/2"					
2"					
Subtotal	_____	_____	_____	_____	_____
<b>RESIDENTIAL - JUPITER ISLAND</b>					
<u>Meter Sizes:</u>					
5/8"					
1"					
1 1/2"					
2"					
Subtotal	_____	_____	_____	_____	_____
<b>GENERAL SERVICE - MAINLAND</b>					
<u>Meter Sizes:</u>					
5/8"					
1"					
1 1/2"					
2"					
3"					
4"					
Subtotal	_____	_____	_____	_____	_____
<b>GENERAL SERVICE - JUPITER ISLAND</b>					
<u>Meter Sizes:</u>					
5/8"					
1"					
1 1/2"					
2"					
3"					
4"					
Subtotal	_____	_____	_____	_____	_____
<b>TOTALS</b>					